GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:4790
ANSWERED ON:24.08.2000
MW VIZAG POWER PROJECT
Y.S. VIVEKANANDA REDDY

Will the Minister of POWER be pleased to state:

(a) whether the 1040 MW Vizag Power Project of Hindujas hassuffered a massive cost escalation of Rs. 1200 crore even as Andhra Pradesh Government is yet to approve the financial plan for the execution of the fast track project;

(b) if so, the main reasons for delay;

(c) whether the Central Authority has stated that they could take a view whether the cost escalation has been incurred by the project or not, only after the State Government submits HNPCL`s proposal; and

(d) whether Union Government received the proposal?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (d): The Visakhapatnam Thermal Power Project (1040 MW) in Andhra Pradesh being promoted by M/s. Hinduja NationalPower Corporation Ltd. (HNPCL)has been accorded techno-economic clearance of Central Electricity Authority (CEA) on July 25, 1996at an estimated completion cost of US$ 943.75 million + Rs. 1324.993 crores (@ 1 US$ = Rs 35.00). On 16.5.1998, Government approved extension of counter-guarantee to this project through the revised procedure. Counter guarantee of Government of India has been issued to the project on August 19, 1998.

M/s. HNPCL have submitted the firm financial package, in two parts, to Government of Andhra Pradesh

(GoAP)/Andhra Pradesh Transmission Corporation (APTRANSCO) in thefirst week of November 1999 and second week of December, 1999. The promoters of the project have also endorsed copies of the same to the Ministry of Power and the CEA. The firm financial package, which is presently under examination of GoAP/APTRANSCO,is required to be forwarded to CEA,along with the recommendations of GoAP. Change in cost, if any, over the project cost estimated by CEA, can be determined only afterthe firm financial package is approved by CEA.

GoAP have informed that they are negotiating reduction of capital cost of the project as required under the revised procedure for extension of counter guarantee.